

Message Text

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C O N F I D E N T I A L LONDON 15912

LIMDIS GREENBACK

DEPARTMENT ALSO PASS TREASURY

PARIS OECD FOR TREASURY ASSISTANT SECRETARY COOPER

E.O. 11562: XGDS-1

TAGS: EFIN, UK

SUBJECT: HAROLD LEVER'S TRIP TO IRAN

SUMMARY: TREASURY OFFICIAL WHO ACCOMPANIED LEVER TO IRAN REPORTS THAT MOST OF DISCUSSION WAS CENTERED ON DEFENSE REVIEW WHICH GAVE SHAH PRIOR NOTICE OF U.K. DEFENSE CUTS. ECONOMIC AND FINANCIAL QUESTIONS WERE DISCUSSED IN GENERAL WAY. THERE WAS NO SPECIFIC DISCUSSION OF FUTURE BILATERAL BORROWINGS. END SUMMARY.

1. DAVID WALKER, ASSISTANT SECRETARY OF H.M.T. (PROTECT WHO ACCOMPANIED LEVER, BRIEFED TREASURY REP ON SUBSTANCE OF LEVER'S CONVERSATIONS WITH THE SHAH AND AMOUZEGAR. MOST OF THE DISCUSSION WAS CENTERED ON DEFENSE POLICY REVIEW PRIOR TO PUBLIC ANNOUNCEMENTS IN U.K. OF DEFENSE CUTS THAT WOULD AFFECT CENTO ARRANGEMENTS.

2. THERE WAS A QUOTE FRIENDLY EXCHANGE ON ECONOMIC AND FINANCIAL QUESTIONS UNQUOTE. LEVER STRESSED THE U.K.'S
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DEEP CONCERN ABOUT THE RISKS OF RECESSION RESULTING FROM

OIL PRICE INCREASES. LEVER POINTED OUT THAT SHAH AND OPEC COUNTRIES CANNOT ASSUME THAT ANY FUTURE PRICE INCREASES CAN BE DIGESTED WITHOUT SERIOUS EFFECT TO THE INDUSTRIALIZED WESTERN WORLD.

3. WALKER SAID THE FINANCIAL TALKS WERE IN GENERALITIES. THERE WAS NO DISCUSSION OF SPECIFIC FINANCIAL ARRANGEMENTS NOR OF FUTURE LOANS. HE SAID THAT THE U.K. AGREES STRONGLY WITH THE U.S. THAT THERE IS NO POINT FOR THE CONSUMING COUNTRIES TO ENTER INTO MULTILATERAL DISCUSSIONS WITH THE PRODUCERS UNTIL CONSUMERS HAVE A COMMON, AGREED POINT OF VIEW. U.K. SAW THIS PARTICULAR MEETING AS BEING A USEFUL CONTINUATION OF GENERAL BILATERAL EXCHANGES AIMED AT MAINTAINING FRIENDLY INTEREST BETWEEN THE TWO PARTIES, UNTIL THE STAGE WAS SET FOR LARGER MULTILATERAL DISCUSSIONS.

4. THE SHAH REITERATED IRAN'S INTEREST IN INDEXATION OF OIL PRICES AND REPEATED OTHER ARGUMENTS FREQUENTLY HEARD FROM HIM.

5. DURING DISCUSSIONS, AMOUZEGAR POINTEDLY WENT OUT OF HIS WAY TO PRAISE THE CONDUCT AND MANNER OF SENIOR BRITISH PETROLEUM OFFICERS COMPARED WITH AMERICAN OIL COMPANY EXECUTIVES. ACCORDING TO SOURCE, AMOUZEGAR ACKNOWLEDGED THAT THERE WAS NO DIFFERENCE IN THE SUBSTANCE OF VIEWS EXPRESSED TO HIM BY OIL COMPANY OFFICIALS FROM EITHER COUNTRY, BUT SENIOR BRITISH PETROLEUM COMPANY EXECUTIVES PUT FORWARD THEIR OPINIONS WITH STYLE AND ELAN WHEREAS U.S. OFFICIALS TENDED TO SHOW LITTLE COURTESY AND RUBBED HIM THE WRONG WAY.

6. SOURCE SAID THAT THE PRESS HAD BOTCHED UP OR MISUNDERSTOOD MANY OF LEVER'S COMMENTS, LEADING TO DENIALS FROM BRITISH EMBASSY IN TEHRAN AND FOREIGN OFFICE HERE IN LONDON.

7. ABOVE VIEWS WERE FURNISHED TO TREASURY REP ON A PERSONAL AND CONFIDENTIAL BASIS. PLEASE TREAT AS NOFORN.

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